

Message Text

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15
ACTION NEA-10

INFO OCT-01 AF-08 ISO-00 SSM-03 IO-13 ACDA-07 CIAE-00

DODE-00 PM-04 H-02 INR-07 L-03 NSAE-00 NSC-05 PA-01

PRS-01 SP-02 SS-15 USIA-06 OMB-01 /089 W
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R 081508Z OCT 76
FM AMEMBASSY CAIRO
TO SECSTATE WASHDC 7744
INFO AMEMBASSY JIDDA
AMEMBASSY KHARTOUM
AMEMBASSY KUWAIT
AMEMBASSY TRIPOLI
USMISSION SINAI

C O N F I D E N T I A L CAIRO 13734

E.O. 11652: GDS
TAGS: PINT EG
SUBJ: SPECULATION ON POST-ELECTION CABINET

SUMMARY. CABINET WILL RESIGN OCT. 17, BUT REMAIN AS CARETAKER FOR OCT. 28 ELECTIONS. RUMORS ABOUND RE NEW CABINET. WITH SUADIS PRESSING FOR COMPETENCE IN ECONOMIC MINISTRIES AND INFLATION REMAINING VIRTUALLY SOLE ELECTION ISSUE, SELECTION OF NEW MINISTERS TAKING ON SPECIAL SIGNIFICANCE. END SUMMARY.

1. TODAY, AHARAM REPORTS CABINET WILL RESIGN ON OCT. 17, PRIOR TO OCT. 28 PEOPLES ASSEMBLY ELECTIONS AND THE DAY AFTER SADAT TAKES OATH FOR SECOND SIX YEAR TERM. PRESIDENT WILL THEN ASK CABINET TO REMAIN AS CARETAKER UNTIL COMPLETION ASSEMBLY ELECTION PROCESS. NEW GOVERNMENT AND NEW GOVERNORS WILL BE APPOINTED BY PRESIDENTIAL DECREES SHORTLY AFTER ELECTION RUN-OFFS NOV. 4.

2. RUMORS ABOUT NEW CABINET ARE PROLIFERATING. EARLIER THIS YEAR, SADAT SAID PUBLICLY NEW PRIME MINISTER AND CABINET WOULD BE CHOSEN FROM ASU GROUP WHICH OBTAINS MAJORITY IN ELECTIONS.
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THIS WAS UNDERSTOOD TO MEAN MAJORITY OF CABINET, SINCE THERE

WOULD CERTAINLY BE MINISTERS WHO ARE NOT MEMBERS OF PARLIAMENT (E.G., FONMIN) AND WHO MAY NOT EVEN BE MEMBERS OF THE CENTER GROUP (E.G., MINWAR). IN SEPT. 28 ADDRESS, SADAT SAID PRIMIN SALIM WILL PRESENT NEW HOUSING LEGISLATION TO NEW PARLIAMENT, IMPLYING THAT SALIM WOULD REMAIN AS PRIMIN. THIS CONTINUES TO BE GENERAL EXPECTATION AND WE KNOW SALIM PLANS MAKE OFFICIAL VISIT TO IRAN NO. 23.

3. NEVERTHELESS, ONE OTHER NAME HAS BEEN BRUITED ABOUT FOR MANY WEEKS, I.E., ASU HEAD MUSTAFA KHALIL, SINCE 1974, DR. KHALIL HAD BEEN ASKED AT EVERY CABINET CHANGE TO TAKE ON TASK OF COORDINATING GOE'S ECONOMIC PROGRAMS, BUT HE HAS ALWAYS REFUSED. AS HE ONCE TOLD EMBOFF, HE BELIEVES JOB REQUIRES HIS BEING IN FULL CHARGE OF ECONOMIC MINISTERS, A CONDITION WHICH THE PRESIDENT IS NOT PREPARED TO ACCEPT. SADAT SELECTS HIS OWN CABINET AND PERMITS AT LEAST A FEW OF THEM TO MAKE END-RUNS AROUND PRIMIN DIRECTLY TO PRESIDENCY. NEVERTHELESS, DR. KHALIL ACCEPTED HIGHLY VISIBLE ASU JOB THIS SPRING, AND FUELED RUMORS THAT HE WOULD BE NEXT PRIMIN BY APPEARING AS MEMBER OF SMALL, TOP-LEVEL GOE -SIDE IN TALKS WITH SARKIS AND ISMAILIYYA LAST MONTH. YUGOSLAV AMB IS PEDDLING STORY THAT SALIM WILL BECOME PA SPEAKER AND BE REPLACED AS PRIMIN BY MUSTAFA KHALIL. WE FRANKLY DOUBT IT, THOUGH KHALIL MAY HAVE BEEN PREVAILED UPON BECOME DEPUTY PRIMIN FOR ECONOMIC AFFAIRS.

4. SOME ECONOMIC MINISTERS WILL PROBABLY LEAVE. MINECON SHAFAT HAS BEEN SAYING OPENLY THAT HE DOES NOT EXPECT TO BE INVITED JOIN NEXT CABINET. SAUDIS, WHO ARE FED UP WITH WHAT THEY BELIEVE IS ECONOMIC INCOMPETENCE IN GOE CABINET, ARE PARTICULARLY DOWN ON MINFIN ABU ISMAIL, WHO, LACKING STRONG POWER BASE OF HIS OWN, IS ALSO LIKELY TO BE DROPPED. MINIDSTRY SHAHIN LIKELY KKEEP CABINET RANK DESPITE POOR PERFORMANCE, AS HE IS CLOSE FRIEND OF PRIMIN SALIM. MINELECTRICITY AND POWER ALSO EXPECTS RETAIN HIS POSITION. MINAGRICULTURE ABU-AL-'ATA HAS CLASHED WITH POWERFUL OSMAN, SO HIS MINISTERIAL DAYS COULD BE NUMBERED. OSMAN HIMSELF IS POACHING ON OTHER MINISTERS' BAILIWICKS (SULTAN IS PARTICULARLY ANGRY ABOUT THIS) BUT, DESPITE FACT HE HAS BECOME CABINET SYMBOL OF GRAFT AND CORRUPTION, SEEMS AS SECURE AS EVER IN SADAT'S ESTEEM. FONMIN FAHMY'S MANY ENEMIES PEDDLE RUMORS THAT HE TOO WILL NOT RETAIN HIS POSITION, BUT WE CONFIDENTIAL

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DISMISS THIS AS ONLY REMOTE POSSIBILITY. THERE IS NO SUGGESTION THAT MINWAR GAMASY WILL LOSE HIS JOB.

5. AMONG LIKELY NEW MINISTERS, WE HAVE HEARD NAME OF CAIRO UNIVERSITY'S BADRAN AS MINEDUCATION. MINSUDANESE AFFAIRS ABD AL-AZIZ HUSAYN IS RUMORED DUE FOR PROMOTION.

6. COMMENT: CHOICE OF NEW CABINET MAY TURN OUT TO BE A CRUCIAL

TOURNANT FOR SADAT REGIME. ECONOMY IS OVERRIDING ISSUE IN THE
CAMPAIGN AND SADAT'S SEPT 28 SPEECH (CAIRO 13087) DEMONSTRATED
HIS AWARENESS OF MOST SENSITIVE ISSUES (RATE OF INFLATION,
HOUSING, PUBLIC TRANSPORT, ALLEGED DISMANTLING OF THE PUBLIC
SECTOR). PRESENT AND PAST MINISTERS HAVE SHOWN THEMSELVES
WOEFULLY LACKING IN AUTHORITY, WILLINGNESS TO CORRDINATE AMONG
THEMSELVES, SENSE OF URGENCY OR COMPETENCE TO MAKE A DENT
IN THESE PROBLEMS. ELECTORATE, AS WELL AS FOREIGN OBSERVERS,
WILL STUDY NEW CABINET CLOSELY TO SEE WHAT HOPE IT HOLDS
FOR FUTURE. IF SAME OR SIMILAR FIGURES ARE APPOINTED
THERE IS NO MECHANISM SUCH AS AN ECONOMIC CZAR TO FORCE
ECONOMIC MINISTERS TO COORDINATE, THERE WILL BE LITTLE
PROSPECT THAT GOE WILL BE WILLING OR ABLE TO PUT ITS FINANCIAL/
ECONOMIC HOUSE IN SEMBLANCE OF ORDER.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CABINET, NATIONAL ELECTIONS, REORGANIZATIONS, POLITICAL SITUATION
Control Number: n/a
Copy: SINGLE
Draft Date: 08 OCT 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ElyME
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976CAIRO13734
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760381-0984
From: CAIRO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19761069/aaaachwg.tel
Line Count: 130
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: ElyME
Review Comment: n/a
Review Content Flags:
Review Date: 08 JUN 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <08 JUN 2004 by CunninFX>; APPROVED <15 OCT 2004 by ElyME>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: SPECULATION ON POST-ELECTION CABINET SUMMARY. CABINET WILL RESIGN OCT. 17, BUT REMAIN AS CARETAKER FOR OCT. 28 ELECTIONS. RUMORS ABOUND RE NEW CABINE
TAGS: PINT, EG
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006